

Message Text

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44

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 CAB-02 COME-00 DOTE-00

FAA-00 TRSE-00 /056 W

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O 241652Z DEC 75

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC IMMEDIATE 6322

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E. O. 11652: N/A

TAGS: EFIN, CI

SUBJECT: CIVAIR - RECIPROCAL TAX EXEMPTION AGREEMENT

REF: A. STATE 280252 B. STATE 280594 C. KENNEDY/HECHTMAN

TELCON OF DECEMBER 24

1. PRESIDENT PPINOCHE signed DECREE LAW (DL) DECEMBER 23 AUTHORIZING RECIPROCAL TAX EXEMPTION. PROBLEM AROSE, HOWEVER, WHEN GOC LEGAL COORDINATING COMMITTEE THOUGHT AGREEMENT APPLIED ONLY TO CORPORATIONS (LAN/BRANIFF). WHILE LEAVING PARA 1 A UNDISTURBED, COMMITTEE DELETED REFERENCES TO INDIVIDUALS (1 B). THIS WAS DONE WITHOUT PRIOR CONSULTATION WITH LEGAL ADVISOR TO FONMIN.

2. FONMIN LEGAL ADVISOR ADVISED US THAT NEITHER AMENDMENT OF DL TO COVER INDIVIDUALS NOR A SUPPLEMENTARY DL TO SAME END WOULD BE POSSIBLE BEFORE DECEMBER 31. NO EXCHANGE OF NOTES WOULD BE VALID UNDER CHILEAN LAW ABSENT DL COVERING EVERY RELEVANT POINT.

3. FONMIN LEGAL ADVISOR, WITH WHOM EMBASSY CONCURS, CONSIDERS THAT URGENCY OF NEED FOR AGREEMENT BEFORE DECEMBER 31, 1975

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EXTENDS ONLY TO CORPORATIONS. THERE IS NO PARALLEL NEED WITH

REGARD TO INDIVIDUALS REPEAT INDIVIDUALS TO MAKE TAX EXEMPTION
RETROACTIVE TO JANUARY 1, 1975. FONMIN LEGAL ADVISOR PREPARED
TO DRAFT SUPPLEMENTARY DL FOR PROMULGATION AFTER JANUARY 1,
1976 WHICH WILL AUTHORIZE SECOND EXCHANGE OF NOTES COVERING
INDIVIDUALS RETROACTIVE TO JANUARY 1, 1976.

3. HENCE, WE URGENTLY RECOMMEND:

A) GOING AHEAD WITH EXCHANGE OF NOTES MONDAY, DECEMBER
29 AS PER REF B, WITH REFERENCES TO CITIZENS AND INDIVIDUALS
IN PARA DELETED.

B) AWAITING PROMULGATION OF SUPPLEMENTARY DL AFTER JANUARY 1,
1976, AT WHICHTIME FURTHER EXCHANGE OF NOTES COVERING CITIZENS
AND INDIVIDUALS WILL TAKE PLACE.

4. APPROVAL REQUESTED.

POPPER

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Message Attributes

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Margaret P. Grafeld
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